

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 130 Section 130.2155 Tax Liability of Sign Vendors</b>
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**TITLE 86: REVENUE  
PART 130  
RETAILERS' OCCUPATION TAX**

**Section 130.2155 Tax Liability of Sign Vendors**

- a) Persons who sell signs may incur a Retailers' Occupation Tax, Service Occupation Tax or Use Tax liability, depending upon the circumstances of the sale.
- b) When Liable for Retailers' Occupation Tax
  - 1) Persons who engage in selling signs at retail incur Retailers' Occupation Tax liability notwithstanding the fact that the signs have use or value (other than salvage value) only to the purchaser, if such signs are not produced on special order for the purchaser. Persons who engage in selling, at retail, signs which have commercial value (i.e., value to persons other than the purchasers thereof) incur Retailers' Occupation Tax liability when making such sales, even if such signs are produced on special order for the purchaser.
  - 2) Examples
    - A) Signs that spell out "parking", "conference room", "real estate", and the like, but do not spell out the name of the purchaser nor the brand name of the purchaser's product and that are not otherwise similarly individualized have commercial value within the meaning of this Section. Signs that spell out "conference room" that also have the room number specific to a particular building do not have commercial value within the meaning of this Section.
    - B) Computerized signs that can be programmed to spell out anything that the purchaser inputs have commercial value unless the casing of the sign has been individualized with the name of the purchaser, the brand name of the purchasers' product, or otherwise individualized in a similar manner. For example, computerized banner signs that can be programmed to spell out messages and that also permanently spell out a store's name on the casing surrounding the computerized portion of the sign have no commercial value.
- c) When Not Liable for Retailers' Occupation Tax But Liable for Service Occupation Tax
  - 1) A sign vendor does not incur Retailers' Occupation Tax liability, even though selling the sign at retail, if he produces such sign on the special order of a

particular purchaser and if the sign has use or value (other than salvage value) only to such purchaser. Sign vendors who produce special order signs that have value only to the purchaser of such sign incur a Service Occupation Tax liability. For information concerning the application of the Service Occupation Tax to the purchases of materials by sign makers for incorporation into signs that they sell to users as an incident to engaging in a service occupation so as to be exempt from the Retailers' Occupation Tax, see the Service Occupation Tax Regulations at 86 Ill. Adm. Code 140.

- 2) An example of the kind of sign contemplated by this subsection is a sign that is produced on special order for the purchaser and that spells out the name of the purchaser or the brand name of the purchaser's product, with or without other material. This exemption from the tax extends to persons who act for customers in obtaining specially produced, personalized signs from sign vendors.

d) When Not Liable for Retailers' Occupation Tax But Liable for Use Tax

- 1) The analysis of tax liability in subsections (a) and (b) of this Section is based upon the assumption that the signs remain tangible personal property after installation. If the signs are permanently affixed to real estate, then the tax consequences attributable to construction contractors apply. Construction contractors are the end users of tangible personal property they affix to realty. As the end user, the construction contractor incurs Illinois Use and local Retailers' Occupation Tax reimbursement liabilities when the tangible personal property that will be converted to real estate is purchased. For information concerning construction contractor situations, see Sections 130.1940 and 130.2075 of this Part.

2) Examples

- A) A sign is permanently affixed to real estate when it is bolted or otherwise permanently affixed to the building or is hardwired into the building's general wiring system.
- B) A sign is permanently affixed to real estate when a permanent concrete foundation is made for the sign and the sign is affixed to its foundation or hardwired into an electrical system.
- C) A sign is permanently affixed to real estate when it is affixed to a pole that is placed in the ground.

(Source: Amended at 26 Ill. Reg. 9885, effective June 24, 2002)